

May 15, 2006 – Agenda Item 5c
Update on Investments in Companies Doing Business in Sudan

Attachment 2
February 14, 2006, Agenda Item 6d

Part B

Attachment 3	July 2005	Letters to CalPERS Federal Liaison from U.S. Department of State and U.S. Department of Commerce
Attachment 4	November 8, 2005	CalPERS' Letter to U.S. Department of Treasury and U.S. Securities and Exchange Commission
Attachment 5	December 21, 2005	Letter to CalPERS from U.S. Securities and Exchange Commission



United States Department of State

*Assistant Secretary of State
for Economic and Business Affairs*

Washington, D.C. 20520

JUL 21 2005

Dear Mr. Lussier:

Thank you for your June 3 letter detailing the concerns of U.S. public pension systems. Your letter requests a list or report that identifies companies with business or financial ties to terrorist sponsoring countries. You further requested that the State Department, working in conjunction with other appropriate federal agencies, publicly disclose the identity of companies that are acting contrary to U.S. foreign policy and humanitarian interests.

We appreciate and share your concern that public pension funds have access to information that will allow them to invest in a manner they believe is consistent with U.S. national interests.

The Department of State collaborates with other government agencies that are responsible for administering U.S. federal laws and statutes related to sanctions. For example, the Office of Foreign Asset Controls (OFAC) of the Department of Treasury administers and enforces economic and trade sanctions against terrorists and those who fund terrorists. Accordingly, OFAC can impose controls on transactions and freeze foreign assets under U.S. jurisdiction. OFAC has made public its list of Specially Designated Nationals (SDNs) and entities whose property is blocked in accordance with OFAC sanctions programs. You may access this list on OFAC's website at www.treas.gov/offices/enforcement/ofac/sdn. From this webpage, you can choose current, updated lists of blocked persons.

The Department of Commerce has the authority to impose export restrictions on firms or individuals that violate certain U.S. laws, including those that restrict business dealings with certain terrorist-supporting states, or prohibit activities related to the development of weapons of mass destruction. The

Thomas R. Lussier, President

LGV&A, Government and Public Affairs Consultants

Bankers Square Building

100 North Pitt Street, Suite 403

Alexandria, VA 22314

Department of Commerce maintains three lists that identify such firms or individuals, as well as firms or individuals that require additional due diligence before business can be conducted with them. These lists consist of the Denied Parties List, the Entity List, and the Unverified List. The links to these lists may be found at <http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>.

The State Department also has the responsibility for listing entities and individuals who have been convicted of violating or conspiracy to violate the Arms Export Control Act (AECA). These persons are prohibited from participating directly or indirectly in the export of defense articles (including technical data) and defense services. The State Department's Directorate of Defense Trade Controls (DDTC) has previously published the names of these parties and their ineligibility for defense trade in the Federal Register. You may view the list of debarred individuals and entities from the DDTC website at <http://www.pmdtc.org/debar059intro.htm>. Similarly, foreign entities subject to sanctions due to their involvement in proliferation activities, pursuant to various legal authorities implemented by the State Department, are designated in the relevant Federal Register notices.

Regarding human rights concerns, the State Department's Bureau of Democracy, Human Rights, and Labor (DRL) publishes annual country reports on both human rights practices and international religious freedom. In the international religious freedom report, you can find countries that the State Department has designated as "countries of particular concern" regarding their record of religious freedom. You can access both of these reports from our public website at <http://www.state.gov/g/drl>.

In addition, the General Services Administration maintains the "Excluded Parties List System" (EPLS). The EPLS is a multi-agency list of parties excluded throughout the U.S. Government from receiving federal contracts or certain subcontracts and from receiving certain types of financial/non-financial assistance and benefits. EPLS can be accessed at www.epls.gov.

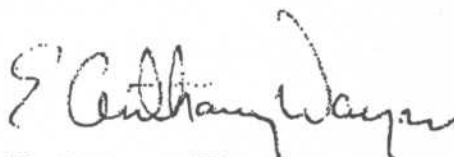
Your letter also requests that the Securities and Exchange Commission (SEC) disclose to investors information relating to companies operating in terrorist sponsoring countries. It is our understanding that the Office of Global Security Risk in the SEC's Division of Corporate Finance works to monitor whether the documents that public companies file include disclosure of material information about contacts with countries that have been

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identified by the State Department as state sponsors of terrorism (you may access a list of the state sponsors of terrorism from our public website at <http://www.state.gov/s/ct/c14151.htm>). However, the SEC advises that it cannot give investment advice, or issue guidance that might give the appearance of bias regarding the decision to invest in certain companies.

We hope that this letter is responsive to your inquiry. Please do not hesitate to contact us if we can be of any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. Anthony Wayne". The signature is fluid and cursive, with a large initial "E" and a long, sweeping underline.

E. Anthony Wayne



UNITED STATES DEPARTMENT OF COMMERCE
Under Secretary for Industry and Security
Washington, D.C. 20230

July 28, 2005

Mr. Thomas R. Lussier
President
Lussier, Gregor, Vienna
& Associates, Inc.
Bankers Square Building
100 North Pitt Street, Suite 403
Alexandria, Virginia 22314

Dear Mr. Lussier:

I am writing in response to your June 3 submission of a letter from representatives of 50 public pension funds. In that letter, the public pension funds request the creation of a comprehensive list of companies with business or financial ties in terrorist supporting countries that are "acting contrary to U.S. foreign policy and humanitarian interests."

The Department of Commerce appreciates the efforts of the public pension funds to invest in a responsible manner and to obtain information on firms that have business or financial ties to terrorist-supporting states.

The Department of Commerce has the authority to impose export restrictions on firms or individuals that violate U.S. laws, including laws that restrict business dealings with certain terrorist-supporting states, or prohibit activities related to the development of weapons of mass destruction. The Department maintains three lists that identify such firms or individuals, as well as firms or individuals that require additional due diligence before business can be conducted with them. These lists are as follows:

- The Denied Persons List identifies firms or individuals that have been denied export privileges, in whole or in part, due to violations of the Export Administration Regulations (EAR) or other U.S. laws or regulations.
- The Entity List identifies certain foreign firms or organizations that are subject to additional licensing requirements because of their involvement in certain programs of concern.
- The Unverified List imposes additional due diligence obligations on an exporter before items subject to the EAR can be shipped to identified firms or individuals.

The links to these lists, as well as to certain lists of other agencies, may be found at the following address: <http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>.



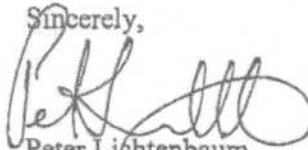
Mr. Thomas R. Lussier
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The Departments of Treasury and State also maintain lists of firms with which certain business or financial dealings are restricted, including the Specially Designated Nationals List and the Debarred List, respectively. In addition, the State Department sanctions entities or individuals that violate certain nonproliferation laws. I understand that these agencies will respond separately to your letter.

The Department of Commerce acknowledges your request that agencies work together to create a single comprehensive database of entities with business or financial ties to terrorist-supporting nations. Please note, however, that depending on the country involved, there are certain business or financial activities involving these nations that are not prohibited by law. Publishing a U.S. Government list that identifies firms engaged in business or financial activities in these countries could be misleading and damaging to firms that have not violated any U.S. laws. Moreover, it would be difficult to develop and continuously update a list that includes firms who have not violated any U.S. laws or otherwise been officially restricted by the U.S. Government. However, the Department of Commerce will discuss with the Departments of Treasury and State whether it is possible to integrate the lists already maintained by our agencies in a manner that is accurate and that does not mislead the public regarding the restrictions imposed.

I appreciate your comments on this important issue, and hope that this information is helpful.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Peter Lichtenbaum', is written over the typed name.

Peter Lichtenbaum
Acting



**CalPERS
Investment Office**

P.O. Box 2749
Sacramento, CA 95812-2749
Telecommunications Device for the Deaf - (916) 795-3240
(916) 795-2731; FAX (916) 795-2842

November 8, 2005

Stuart A. Levy, Under Secretary
Office of Terrorism and Financial Intelligence
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, D.C. 20220

Alan L. Beller, Director
Division of Corporate Finance
U.S. Securities and Exchange Commission
450 Fifth Street
Washington, D.C. 20549

Dear Gentlemen,

I am writing to you on behalf of the California Public Employees' Retirement System (CalPERS). On June 3, 2005, CalPERS joined other public pension funds in the United States and wrote to you along with the U.S. Department of State and the U.S. Department of Commerce requesting your assistance in identifying any publicly traded companies that are of concern to the United States government for doing business with, or having business ties to, entities that support terrorism or threaten U.S. humanitarian goals (Attachment 1). We identified the situation in Sudan to illustrate the importance of our request.

To date, we have not received a response from the U.S. Department of the Treasury or the U.S. Securities and Exchange Commission. Therefore, the CalPERS Board of Administration directed me at its Investment Committee meeting on September 19, 2005 to follow-up with you regarding your efforts on this issue.

As a long-term investor, CalPERS is concerned that not only has it been suggested that companies that do business in Sudan may thereby be furthering or condoning the egregious human rights violations currently occurring in that country, but also that any company associated with the atrocities taking place in Sudan poses a serious risk to creating sustainable and responsible long-term value. CalPERS is attempting to monitor and manage any such risk.

However, we believe that the United States government is the only appropriate entity to identify a comprehensive list of companies that do business in Sudan. The United States government is the one credible centralized source with the capability of understanding national security and human rights implications of company operations and of directing appropriate prohibitions and sanctions against these companies. Because no

comprehensive list currently exists, we requested in the letter dated June 3, 2005 that your agency, working in conjunction with other appropriate federal agencies and departments, publicly disclose the identity of companies that, by virtue of their business ties in terrorist sponsoring countries, are acting contrary to U.S. foreign policy and humanitarian interests, and that you report other information on such companies that will enhance investors' capability to make prudent investment decisions.

We are requesting a timely response from you concerning our request. Please send your written response to:

Dennis A. Johnson, CFA
Senior Portfolio Manager
CalPERS, Investment Office
400 Q Street
Sacramento, CA 95814

Please do not hesitate to contact me if you have any questions. I may be reached at (916) 795-2731.

Sincerely,

Dennis A. Johnson, CFA
Senior Portfolio Manager

Enclosure

cc: Thomas R. Lussier, President
Lussier, Gregor, Vienna & Associations, Inc.

John W. Snow, Secretary
U.S. Department of the Treasury

Robert W. Werner, Director
Office of Foreign Assets Control
U.S. Department of the Treasury

William H. Donaldson, Chairman
U.S. Securities and Exchange Commission

Cecelia D. Blye, Director
Office of Global Security Risk
U.S. Securities and Exchange Commission

Charles Fishkin, Director
Office of Risk Assessment
U.S. Securities and Exchange Commission



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Attachment 5

December 21, 2005

Dennis A. Johnson
Senior Portfolio Manager
CalPERS Investment Office
400 Q Street
Sacramento, CA 95814

Dear Mr. Johnson:

Thank you for the November 8th letter with which you provided me with another copy of your June 3rd letter to me. In your June 3rd letter, the California Public Employees' Retirement System, along with representatives of a number of other pension funds, asked that the federal government publicly disclose the identity of companies that, by virtue of their business with or ties to terrorist sponsoring nations, are acting contrary to U.S. foreign policy and humanitarian interests. You also asked that the SEC report other information on such companies that will enhance investors' ability to make prudent investment decisions.

We appreciate your desire to ensure that public pension funds invest in a manner that is consistent with U.S. foreign policy and humanitarian goals. However, this agency does not have the expertise, information or authority to allow us to determine whether companies' contacts with terrorist sponsoring states are contrary to U.S. foreign policy and humanitarian goals. It may be that there are other government agencies that are in a position to make those judgments. Further, we do not believe it would be appropriate for us to attempt to publish the list of companies you request or to participate in publication of such a list, or to publish the additional information you request about the companies you describe. Again, we do not have the expertise or information to engage in these activities and our doing so might be construed as providing investment advice. As the agency charged with regulating public companies, we cannot give investment advice, or issue guidance regarding the decision to invest, or not invest, in certain companies. Instead, we work through the review and comment process to pursue full disclosure of material information by public companies reporting with us regarding material global security risk and other material matters. Our Office of Global Security Risk works closely with the review staff in this Division to monitor whether the documents public companies file with the SEC include disclosure of material information about contacts with countries that have been identified by the U.S. State Department as state sponsors of terrorism. Our goal is to ensure that the publicly available documents on file with this agency give all investors the material information on which to base their investment decisions.

I appreciate the opportunity to respond to your letter and hope that this information adequately addresses your concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read "ALB", with a stylized flourish at the end.

Alan L. Beller
Director